



FOR IMMEDIATE RELEASE  
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## **OFFICES OF THE MAYOR & COUNCIL PRESIDENT**

### **SANDERS AND PETERS ANNOUNCE PENSION REFORM COMPROMISE**

#### ***RULES COMMITTEE ADVANCES REFORM TO FULL CITY COUNCIL***

Mayor Jerry Sanders and Council President Scott Peters this morning announced they have reached a compromise pension reform proposal. Following the meet and confer process already on-going with the affected labor organizations, the proposal will advance to the full City Council.

The new plan achieves significant cost savings, \$22.5 million when fully implemented, by significantly lowering the multipliers and eliminating the existing SP/SP system. The result is that the taxpayers' contribution to the new plan would be reduced almost by half, from 15.92% of pay to 8.75% in the future. Contributions going forward would be in conformance with the Charter by making them substantially equal. The plan also introduces a defined contribution component thereby lowering the risk to taxpayers.

An important hallmark of the compromise plan is that it reduces the costly benefits that have been a part of the current retirement system:

- Going forward, retirement pay would be based on an average of the last three out of five years of compensation – as opposed to the current highest one year of pay.
- The compromise will also disincent costly early retirements; the compromise proposal eliminates retirement at all ages below 60 years of age;
- and the proposal also lowers the defined benefit cap from 90% to 80%.

Both Mayor Sanders and Council President Peters believe that the plan achieves important and meaningful pension reform. The City Council is expected to consider the plan in July following meet and confer with the affected labor unions.

[A copy of a chart that compares the existing plan to the proposed plan follows this release.]